

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 922 – SB 1283**

March 13, 2017

**SUMMARY OF ORIGINAL BILL:** Requires insurance premium amounts deducted from participating county employee and officials' salaries to be deposited to the county insurance fund within three business days, rather than within three days, after the amount has been deducted.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (004840):** Deletes all language after the enacting clause. Requires the Local Education Insurance Committee, within 30 days of receipt of a written request for claims data from a local education agency (LEA) containing certain information, to provide available claims data for the purposes of underwriting and premium rating. States that the 30-day requirement does not apply if more than 10 requests for claims data are pending. Authorizes the LEA to request an outside, independent firm or consultant to certify the accuracy and completeness of claims data prior to the transmission of such data. Requires the LEA to reimburse the state for fees charged for such review and certification, pursuant to the hourly rates in the state's consulting agreement.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase Local Expenditures - \$37,200/Permissive**

Assumptions for the bill as amended:

- This legislation defines claims data as a general data set aggregated by month and year for the most recent 36 months that includes the number of enrolled employees, including whether the individual is active or retired, number of members, charges submitted, allowed amount, deductible amount, copayments, coinsurance amounts, third party amounts, and net payments; and a large claims data set aggregated by month and year, for the most recent 36 months, that includes the net or allowed payments for individuals exceeding \$25,000, fund code designating the individual as active or a retiree, a

**HB 922 – SB 1283**

sequential member reference number, year of birth, principal diagnosis code, and the net or allowed amount paid on behalf of the individual.

- An LEA claims data request is required to include the identities of the Health Insurance Portability and Accountability Act of 1996 (HIPAA)-covered entity the Local Education Insurance Committee is to transmit the claims data to, including the contact information necessary for transmittal of the claims data, and a confidentiality agreement from each proposed recipient and certification that the recipient is a HIPAA-covered health plan.
- Based on information provided by the Department of Finance and Administration, 24 similar claims data reports were requested by LEAs in FY16-17. For this fiscal analysis, it is assumed this number will remain constant in subsequent fiscal years.
- This legislation authorizes LEAs to request that claims data reports be certified for accuracy and completeness from an outside, independent firm and requires LEAs to pay the fees associated with such certification. Any action to request the certification is permissive.
- It is estimated that 50 percent of LEAs will request that claims data be certified for accuracy.
- Based on information provided by Finance and Administration, the cost of certification by the state's outside consultant is \$3,100 per request.
- The recurring permissive increase in local government expenditures resulting from LEAs requesting certification of requested claims data is estimated to be \$37,200 (24 reports x 50.0% x \$3,100 certification request).
- Any impact to state government resulting from fulfilling LEA claims data requests estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/amj